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By: **Senator Stoltzfus**

Introduced and read first time: February 26, 2003

Assigned to: Rules

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A BILL ENTITLED

1 AN ACT concerning

2 **Corporate Income Tax - Intercompany Pricing**

3 FOR the purpose of authorizing the Comptroller to distribute, apportion, or allocate  
4 certain tax attributes between and among two or more organizations, trades, or  
5 businesses under certain circumstances; providing for the application of this  
6 Act; and generally relating to authorization for the Comptroller to distribute,  
7 apportion, or allocate certain tax attributes between and among two or more  
8 organizations, trades, or businesses under certain circumstances.

9 BY adding to

10 Article - Tax - General

11 Section 10-109

12 Annotated Code of Maryland

13 (1997 Replacement Volume and 2002 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article - Tax - General**

17 10-109.

18 (A) THE COMPTROLLER MAY DISTRIBUTE, APPORTION, OR ALLOCATE GROSS  
19 INCOME, DEDUCTIONS, CREDITS, OR ALLOWANCES BETWEEN AND AMONG TWO OR  
20 MORE ORGANIZATIONS, TRADES, OR BUSINESSES, WHETHER OR NOT  
21 INCORPORATED, WHETHER OR NOT ORGANIZED IN THE UNITED STATES, AND  
22 WHETHER OR NOT AFFILIATED, IF:

23 (1) THE ORGANIZATIONS, TRADES, OR BUSINESSES ARE OWNED OR  
24 CONTROLLED DIRECTLY OR INDIRECTLY BY THE SAME INTERESTS; AND

25 (2) THE COMPTROLLER DETERMINES THAT THE DISTRIBUTION,  
26 APPORTIONMENT, OR ALLOCATION IS NECESSARY IN ORDER TO REFLECT AN ARM'S  
27 LENGTH STANDARD, WITHIN THE MEANING OF § 1.482-1 OF THE REGULATIONS OF

1 THE INTERNAL REVENUE SERVICE OF THE U.S. TREASURY AND TO CLEARLY  
2 REFLECT THE INCOME OF THOSE ORGANIZATIONS, TRADES, OR BUSINESSES.

3 (B) THE COMPTROLLER SHALL APPLY THE ADMINISTRATIVE AND JUDICIAL  
4 INTERPRETATIONS OF § 482 OF THE INTERNAL REVENUE CODE IN ADMINISTERING  
5 THIS SECTION.

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
7 June 1, 2003, and shall be applicable to all taxable years beginning after December  
8 31, 2002.